



GENEVA STEEL

P.O. BOX 2500
PROVO, UTAH 84603

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DOGM
MINERALS PROGRAM
FILE COPY

March 10, 1989

Valley Bank & Trust Company
185 South State Street
Salt Lake City, UT 84111

State of Utah
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1230

Re: Depository Account for Basic Manufacturing and
Technologies of Utah, Inc., dba Geneva Steel Company
Account No. _____, Iron Mountain Mine
Permit No. M/021/008

Gentlemen:

Basic Manufacturing and Technologies, Inc., dba Geneva Steel Company ("Geneva") has entered into a Reclamation Contract (the "Reclamation Contract") with the Division of Oil, Gas and Mining (DOGM) pursuant to which Geneva has agreed to provide bonding in the amount of \$81,000.00 to secure performance of reclamation of the Iron Mountain Mine.

The purpose of this letter is to establish the basis for a depository account that will serve as collateral for the obligations of Geneva under the Reclamation Contract.

Accordingly, we request your agreement with the following:

1. Account # _____ at Valley Bank (the "Depository Account") will be operated and maintained exclusively for the benefit of DOGM.
2. Geneva will deposit the sum of \$81,000.00 into the Depository Account.

*Copy of original Surety
Original released to
Clay Parr 10/16/91
JP*

3. All interest accruing on the funds in the Depository Account shall be distributed monthly by Valley Bank to Geneva in accordance with instructions from Geneva.

4. Withdrawals from the Account may only be made by signature of the person purporting to be the Director of DOGM, verified by the Attorney General or any Assistant Attorney General of the State of Utah.

5. DOGM may make withdrawals from the Depository Account only as provided in the Reclamation Contract or as appropriate to effect an approved refund of all or part of the funds therein to Geneva, but Valley Bank shall have no obligation to establish whether any withdrawal of DOGM is permitted by the Reclamation Contract or otherwise.

6. Upon certification by DOGM of completion of reclamation by Geneva as provided in paragraph 5 of the Reclamation Contract or upon approval by the Board of a substitute bond, DOGM shall withdraw all funds in the Depository Account and make transfer thereof to Geneva.

If the foregoing provisions are satisfactory to you, please so indicate by signing the form of acceptance set forth below.

Very truly yours,

BASIC MANUFACTURING AND TECHNOLOGIES
OF UTAH, INC.

By *Egna B. Jallen*
Its *Manager D.P. & C.O.*

ACCEPTED AND AGREED:

VALLEY BANK & TRUST COMPANY

By *Don H. Kautz*
Its *Vice-President*
Date *3/16/89*

ACCEPTED AND AGREED:

UTAH DIVISION OF OIL, GAS
AND MINING

By *William R. Nelson*
Its *Director*
Date *3/23/89*